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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 09/726,272
Filing Date: November 30, 2000
Appellant(s): DUTTA, RABINDRANATH

Joseph T. Van Leeuwen, Reg. No. 44,383
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 27 December 2004.

(1)   Real Party in Interest

A statement identifying the real party in interest is contained in the brief.

(2)   Related Appeals and Interferences

The brief does not contain a statement identifying the related appeals and

interferences which will directly affect or be directly affected by or have a bearing on the

decision in the pending appeal is contained in the brief. Therefore, it is presumed that

there are none. The Board, however, may exercise its discretion to require an explicit

statement as to the existence of any related appeals and interferences.

(3) Status of Claims

The statement of the status of the claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Invention

The summary of invention contained in the brief is correct.

(6) Issues

The appellant's statement of the issues in the brief is correct.

(7) Grouping of Claims

Appellant's brief includes a statement that claims 37, 47, 49, 59, 61 and 71,

claims 38, 39, 50, 51, 62, and 63, claims 40-42, 52-54, and 64-66, claims 43, 44, 55, 56,

67, and 68, claims 45, 57, and 69, claims 46, 58 and 70, and claims 48, 60 and 72 do

not stand or fall together and provides reasons as set forth in 37 CFR 1.192(c)(7) and

(c)(8).

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9)   Prior Art of Record

5,864,620   PETTITT   1-1999

5,915,022   ROBINSON et al.   6-1999

(10)   Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Response to Arguments

The Examiner has carefully considered the Applicant's remarks but found them unpersuasive.

Regarding claims 37-72, Pettitt teaches a multi-distribution model for securely distributing content from an Author (provider) to a Distributor (third party logging server) to a Reseller (merchant) that is adapted to provide digital works to a consumer ('620, figure 2). Although, Pettitt does not specifically use computer networks, it would have been at least obvious to one of ordinary skill to use digital or electronic networks in order to transmit content, encrypt/decrypt content, and verify digital signatures more efficiently. It is important to note, however, that claim 37, does not recite transmitting data over a computer network. Robinson et al. provide a clear teaching for providing evidence of a transaction (e.g. billing statement, receipt) ('022, figure 1-1 and 6a-c) in order to resolve disputes between parties ("any two parties to a real-time transaction"-

'022, column 7, lines 32-43) such as a Distributor (third party logging server) and Reseller ('022, column 2, lines 1-12) and for storing these evidences by both the service provider party ('022, figures 1-1 and 1-2). The Applicant is of the opinion that a distinguishable feature of the Applicant's claims over the prior art is that it occurs prior to a user obtaining content. In the Pettitt teaching the interaction between the Author (provider), Distributor (third-party) and Reseller (merchant) also occurs prior to a user obtaining content, for as the Applicant correctly noted the User/Customer initiate the process of decrypting the content after obtaining it from a Reseller (figures 2 and 4; column 3, lines 48-56; column 4, lines 6-15).

Claim 38, refers to an "agreement" between a merchant and a third party logging server. The contents of the registration, as it is claimed, are non-functional descriptive material as they do not affect the implementation of the Applicant's method. Nonetheless, it would have been obvious for two parties to create a contract defining each party's legal responsibility prior to engaging in a commercial transaction ("In considering disclosure of reference patent, it is pertinent to point out not only specific teachings of patent but also the **reasonable inferences** which one skilled in the art would logically draw therefrom-*In re Shepard*, 138 USPQ 148 (CCPA 1963); a reference is to be considered not for what it expressly states, but for what it would reasonably have suggested to one of ordinary skill of the art -*In re Delisle*, 160USPQ 806 (CCPA 1969)).

In general, the Applicant fails to sufficiently link, for example "product sale request" and a "sales record" with an actual sale, more specifically, an exchange of funds. Hence, the "product sale request" is just a "request" and a "sales record" is record of the said request. The Examiner applies the same logic to the terms "royalty rate" and "royalty payment". The claims (see 55 and 58, for example) do not describe a system where a royalty payment is derived from the royalty rate. Hence, a "royalty payment" is just a payment, which is taught by Pettitt, ('620, column 5, lines 28-36).

Regarding "authentication", Customers, Resellers (merchants) and Distributors (third-party logging server) are all authenticated via registration with a clearinghouse prior to the transmission of the digital works (figure 4; column/line 3/55-4/5). Note, the claims are silent as to what entity performs authentication.

Regarding Official Notices, the MPEP (Section 2144.03) is clear,

> an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate.

The Examiner took Official Notice on "plug-ins". A "plug-in" according to Microsoft Press Computer Dictionary 3rd Edition, is "a small software program that plugs into a larger application to provide additional functionality." Pettitt

teaches notifying a third party logging server when a customer wants to purchase

a digital work ('620, figures 2 and 4; column 4, lines 6-43) therefore utilizing a

plug-in to enable said functionality would have been obvious to one of ordinary

skill. Note, "intended use" terminology such as "adapted to" does not distinguish

an apparatus claim from the prior art if the prior art is capable of performing the

recited intended use.

Each of the limitations of claim 47 is taught by Pettitt, the Reseller

(merchant) transmits content to a customer computer ('620, figures 2 and 4;

column 3, lines 48-56; column 4, lines 6-15), the Reseller receives the content

from a third-party logging server ('620, figure 2), and a request is sent from the

Reseller (merchant) to the Distributor (third-party logging server) in response to a

customer requesting purchase ('620, column 4, lines 14). The Examiner would

like to point out to the Applicant that the steps as they are claimed are not

interrelated such that one follows the other, particularly, the sending of a request.

By implying that the content receiving and transmission is necessitated upon the

customer purchase request, the Applicant is reading specificity that is not present

nor inherent in claim 47 as it is currently written. Recall, it is the responsibility of

the Examiner to give claims their broadest reasonable interpretation (*In re

Pearson*, 181 USPQ 641 (CCPA 1974)) and limitations from the Specification are

not read into the claims (*In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057

(Fed. Cir. 1993)).

Claim 53 refers to a third party logging server. Claim 49, from which 53

depends, does not, hence, the Examiner understood the server to be the logging

module of claim 49.

The following Official Notices are admitted as prior art as they have gone

unchallenged or not sufficiently challenged: plug-ins, non-volatile memory, and

servers.

The Examiner maintains the rejection.

And yes, the drawings are acceptable.

Claim Rejections - 35 USC § 103

Claim 37-72 are rejected under 35 U.S.C. 103(a) as being unpatentable

over Pettitt, U.S. Patent No. 5,864,620 and Robinson et al., U.S. Patent No.

5,915,022.

As per claims 37-72, Pettitt teaches content distribution system

comprising:

- obtaining at a third party receiving a plurality of digital works from a

   plurality of providers, storing the received digital work in a device

   accessible to the third party, receiving a request from a merchant,

transmitting digital works from the third party to the merchant, wherein the

merchant is adapted to provide the digital works to a

user and recording a sales record corresponding to the product sale

(abstract; figure 2; column 1, lines 12-31 and 47-63; column 3, lines 28-

35)

- registering a merchant, and a merchant entering into an agreement with

  the third party (column 4, lines 1-5)

- providing the merchant with an authentication mechanism and

  authenticating the merchant (figure 4; column 4, lines 6-62)

- a notice to the third party notifying the third party when a user purchases a

  digital work from a merchant, the notice comprising a digital work and

  merchant identifier (figure 4; column 4, lines 6-62)

- identifying a royalty rate associated with the digital work, identifying a

  provider, a royalty rate associated with said provider and transferring

  funds to a provider (column 4, lines 15-20; column 5, lines 28-36)

- registering a provider with the third party the registering including an

  agreement regarding the use and payment for using digital works

  (column/line 3/5-4/5; column 5, lines 38-36)

However, Pettitt doesn't specifically recite implementing his system of a

computer network, nor does Pettitt teach recording a sales record at a server.

Robinson et al. teach a system for purchasing goods and services of a computer

network comprising a merchant server for generating and

storing digital sales receipts (figures 1-1, 1-2, 4, and 5; column 3, lines 42-59;

column 6, lines 54-67). Regarding billing and royalty statements, Pettitt discloses

a third party facilitating the exchange of payment between provider and merchant

for services rendered in the sale of a digital work to a user (column 5, lines 29-

36). Hence, it would have been obvious to provide each party with a statement

detailing the transfer of funds to and from payment accounts. The Examiner

takes Official Notice that the existence and functionality of servers, non-volatile

memory and plug-ins are well known to those of ordinary skill. Therefore, it would

have been obvious to combine the teachings of Pettitt and Robinson et al. in

order to more quickly and efficiently provide goods and services to users.

(11) Response to Argument

The following Official Notices are admitted as prior art as they have gone

unchallenged or not sufficiently challenged: plug-ins, non-volatile memory, and servers

(Final Office Action, Examiner's Response- dated 09 August 2004).

The Appellant attempted to challenge Examiner's Official Notice to "plug-ins" in

the response dated 27 May 2004. However, in order to adequately traverse such a

finding, an applicant must specifically point out the supposed errors in the Examiner's

action, which would include stating why the noticed fact is not considered to be common

knowledge or well-known in the art (MPEP § 2144.03). The Examiner contends that

Appellant's "challenge", albeit lengthy, did not and does not lead the Examiner to

reconsider the Official Notice. Specifically, Appellant has not pointed out any error in

Examiner's Official Notice to plug-ins. Microsoft Press Computer Dictionary Third

Edition defines a "plug-in" as a "small software program that plugs into a larger

application to provide added functionality". Plug-ins are also "sent" to users as they are

not inherent to the receiving larger application. For example, when browsing the internet

plug-ins are downloaded into Netscape Navigator to "allow the web browser to access

and execute files embedded in HTML" (Microsoft Press Computer Dictionary Third

Edition). Therefore, Appellant's "adapted to notify the third party logging server

whenever a customer purchases one of the digital works from the merchant computer

system" is merely additional functionality, which is the purpose of a "plug-in". Thus, the

Examiner contends that the taking of Official Notice is proper and that plug-ins where

well known at the time of Appellant's invention. For further evidence, the Examiner

would like to direct Appellant and Board's attention to the prior art of Holmes et al. (US

6,119,108) where a well-known "plug-in" is sent to a party for notifying a server

whenever a digital work is purchased ('108, column 5, lines 25-45; column 6, lines 23-

34).

The Examiner and the Appellant disagree over "plug-ins" in the context of claim

40 (Appeal Brief, "Group III", pages 14 and 15). The Examiner would also like to point

out Appellant's use of "adapted to" in the language of said claim. Specifically, it has

been held,

> A recitation directed to the manner in which a claimed apparatus is intended to be used does not distinguish the claimed apparatus from the prior art- if the prior art has the capability to so perform- (MPEP 2114, *Ex Parte Masham*, 2 USPQ2d 1647 (1987))

Therefore, as a "plug-in" is defined as a "small software program that plugs into a

larger application to provide added functionality" (Microsoft Press Computer Dictionary,

Third Edition) the prior art- "has the capability to so perform" (MPEP 2114, *Ex Parte*

Masham, 2 USPQ2d 1647 (1987)).

Group I- claims 37, 47, 49, 59, 61 and 71

The broadest claim in this group is claim 37, therefore, the Examiner directs his

response to this claim.

Appellant is of the opinion that the prior art does not teach digital works received

by a third party logging server from a provider, storing the digital works in non-volatile

storage *accessible* (Appellant incorrectly characterizes the storage as belonging to the

third party logging server, compare claim 37 to the language of Appeal Brief, page 37,

lines 23-26) and transmitting by the third party logging server to a merchant. For

example, the Appellant asserts that the teachings of Pettitt are inapplicable to claim 37

as the Pettitt process does not begin until a customer receives a copy of the software

(Appeal Brief, page 7, lines 26-28). In response, the Examiner would like to point out

that this is not a limitation of the claims and although the claims are interpreted in light

of the specification, limitations from the specification are not read into the claims (*In re*

Van Geuns, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993)). Further, Appellant's

claim 37 is only directed to the interaction between the third party logging server and the

merchant computer system. Again, the Appellant relies on the term "adapted to" in order

to further limit the claim. However, a recitation directed to the manner in which a

claimed apparatus is intended to be used does not distinguish the claimed apparatus

from the prior art- if the prior art has the capability to so perform (MPEP 2114, *Ex Parte*

Masham, 2 USPQ2d 1647 (1987)). Notice also how the Appellant attempts to

compensate for this deficiency (not or sufficiently including the customer) by equating

sending a digital work with a sale ("... send (i.e. sell) the digital works to customers"-

Appeal Brief, page 7, line 26). Appellant's claim 37 is broad and Appellant continually

attempts to read limitations into the claims that are not explicitly recited. For example,

claim 37 **does not** teach nor disclose an actual sale to a customer, hence the equating

of the "sending" a digital work with a sale on the part of the Appellant ("... send (i.e. sell)

the digital works to customers"- Appeal Brief, page 7, line 26). Claim 37 recites a third

party logging server receiving a product sale request from a merchant computer. The

claim **does not** require the request to be associated with an actual sale to a customer.

The claim is also **absent a specific time sequence** regarding when and/or what order

the obtaining, storing, etc. steps take place relative to each other. Claim 37 also **does**

not directly relate the transmission of a digital work to a user and the product sales

request. While this may be implied by the Specification, in light of the case law, it would

be *inappropriate* for an Examiner to read the Specification into the claims in order to

force such an interpretation. On the other hand, a reference is to be considered not for

what it expressly states, but for what it would reasonably have suggested to one of

ordinary skill of the art (*In re Delisle*, 160 USPQ 806 (CCPA 1969)) and, in considering

the disclosure of reference patent, it is pertinent to point out not only specific teachings

of patent but also the **reasonable inferences** which one skilled in the art would logically

draw therefrom (*In re Shepard*, 138 USPQ 148 (CCPA 1963)).

Pettitt teaches a multi-tier system for distributing digital works that comprise a

distributor (i.e. third-party logging server) and a reseller (i.e. merchant) ('620, figure 1).

The distribution network of Pettitt teaches a system where, a *digital* shipping container

is provided to a customer by a distributor (third party logging server) via a reseller

(merchant) ('620, column 3, lines 40-45 and 48-55). Pettitt specifically teaches a

distributor (third party logging server) as a "computer bulletin board" that receives

content from an author (provider) ('620, column 3, lines 47-51), hence a digital work is

stored on a server. Regarding a "computer network", Pettitt also teaches transmitting

encrypted envelopes between the distributor (third party logging server), reseller

(merchant) and customer ('620, figure 4; column 4, lines 25-31; column 5, lines 28-31)

and the use of the term "transmit" or "transmitting" suggests to one of ordinary skill the

use of a computer network (Microsoft Press Computer Dictionary Third Edition).

Therefore, Pettitt at least strongly suggests to one of ordinary skill a distributor (third

party logging server), reseller (merchant) and a customer linked over a computer

network, where said network is used by a distributor/computer bulletin board to provide

content to a reseller who in turn makes a digital work publicly accessible to customers.

Nonetheless, In re Venner (262 F.2d 91, 95, 120 USPQ 192, 194 (CCPA 1958)) is

clear, if a new combination of old elements is to be patentable, the elements must

cooperate in such manner as to produce a new, unobvious, and unexpected result (In re

Kaufman, 39 CCPA 769, 1952 C.D. 85, 656 O.G. 279, 193 F.2d 331, 92 USPQ 141).

Hence, in light of the multi-distribution system of Pettitt ('620, figure 1; column 3, lines

48-54) it is at least obvious to provide a mechanical or automatic means (i.e. a

computer network) to replace manual activity (if one takes the position that Pettitt

doesn't operate over a computer network) which has accomplished the same result (In

re Venner, 262 F.2d 91, 95, 120 USPQ 192, 194 (CCPA 1958)). Pettitt also teaches a

product sale request from a customer being passed up the distribution chain from the

customer to the reseller (merchant) to the distributor (third party logging server) ('620,

column 5, lines 5-25). Therefore, the Pettitt system teaches Appellant's obtaining,

storing, receiving, and transmitting steps of claim 37. Pettitt does not however, explicitly

teach recording a sales record at a server. Recall, claim 37 does not recite an actual

sale of a digital work by customer from a merchant. To the contrary, Appellant merely

recites a third party logging server receiving a generic "product sale request" and the

server recording a sales record corresponding to the product sale request. In fact, the

claim suggests the third party logging server "selling" a digital work to a merchant,

wherein the server becomes a "merchant" and the merchant is the server's "customer".

Robinson et al. teach a system for purchasing goods and services of a computer

network comprising a merchant server for generating and storing digital sales receipts

or records ('022, figures 1-1, 1-2, 4, and 5; column 3, lines 42-59; column 4, lines

column 6, lines 54-67). Hence, it would have been obvious to provide each party

(distributor, reseller, etc.) with a statement detailing the chain-of-handling of customer

payment information up the distribution chain ('620, figure 4; column 4, lines 6-20)

and/or a record of the transaction.

Group II- claims 38, 39, 50, 51, 62 and 63

The broadest claim in this group is claim 38, therefore, the Examiner directs his

response to this claim.

Claim 38 recites registration that includes the "an agreement with the merchant

regarding use of the digital works and payment for receipt of the digital works".

However, this is non-functional descriptive material, as it does not alter how the process

steps are to be performed to achieve the utility of Appellant's invention (MPEP 2106-23,

IV). Therefore, in order to read on Appellant's claim 38 the prior art need only show a

third party logging server registering a merchant. Pettitt teaches a distributor (third party

logging server) receiving digital works from an author (provider) and providing said

works to reseller (merchant) for public sale ('620, column 3, lines 48-52). This clearly

suggests to one of ordinary skill that a registration has taken place between the

distributor (third party logging server) and reseller (merchant). Webster's Ninth New

Collegiate Dictionary defines "register" as "to make a record of: NOTE" hence, it is at

least obvious that a distributor (third party logging server), in order to provide digital

shipping containers to resellers (merchant), makes a record or note the reseller

(merchant) who is to receive said works. Further, while it is true that the License

Clearinghouse of Pettitt provides a detailed teaching of recording the identities of the

participants of the multi-distribution system and their corresponding public keys, in order

to read on Appellant's claim 38, the prior art does not require such specificity. All that is

necessary is for a third party logging server to "register" a merchant. A function that is

performed or at least clearly suggested by the distributor (third party logging server) of

Pettitt as the distributor (third party logging server) has arranged for a specific reseller

(merchant) or specific resellers (merchants) to make the digital work publicly available

to a customer population ('620, column 3, lines 48-52). However, Robinson et al.

provide a suitable method as it provides a secure method and system for a server to

record an agreement, such as a transaction record, confirmation, or data for resolving

disputes ('022, figures 1-1, 1-2, 3A, 4, and 5; column/line 1/60-2/15; column 3, lines 42-

59; column 6, lines 53-67). Therefore, it would have been obvious to combine the

teachings of Pettitt and Robinson et al. in order to provide each party (distributor,

reseller, etc.) in a transaction with a statement detailing the chain-of-handling of

customer payment information up the distribution chain ('620, figure 4; column 4, lines

6-20) and/or a record of the transaction.

Group III- claims 40-42, 52-54 and 64-66

The broadest claim in this group is claim 40, therefore, the Examiner directs his response to this claim.

The Examiner has taken Official Notice regarding "plug-ins". A "plug-in" is defined as a "small software program that plugs into a larger application to provide added functionality" (Microsoft Press Computer Dictionary, Third Edition). The Appellant attempts to use the term "adapted to" to further limit Appellant's claims. However, a recitation directed to the manner in which a claimed apparatus is intended to be used does not distinguish the claimed apparatus from the prior art- if the prior art has the capability to so perform- (MPEP 2114, Ex Parte Masham, 2 USPQ2d 1647 (1987)). And, as a "plug-in" is defined as a "small software program that plugs into a larger application to provide added functionality" (Microsoft Press Computer Dictionary, Third Edition) the prior art- "has the capability to so perform" (MPEP 2114, Ex Parte Masham, 2 USPQ2d 1647 (1987)). To support Examiner's assertion of facts directed to the knowledge of one of ordinary skill and the characteristics of "plug-ins", Examiner introduced Holmes et al., which teach sending a plug-in to a customer and said plug-in notifying a server of a purchase ('108, column 5, lines 25-45; column 6, lines 23-34).

Group IV- claims 43, 44, 55, 56, 67 and 68

The broadest claim in this group is claim 43, therefore, the Examiner directs his response to this claim.

Claim 43 recites, "identifying a royalty rate, calculating a purchase amount based upon the royalty rate and including the purchase amount in the sales record". Pettitt teaches identifying a royalty rate attributed to a digital work ('620, column 3, lines 5-13; column 4, lines 15-20; column 5, lines 29-36) and calculating a purchase amount based on the royalty rate ('620, column 3, lines 5-13). More specifically, regarding the relationship between purchase amount and royalty, it would have been obvious to one of ordinary skill for a down distribution stream vendor such as a distributor or goods and services provider, to charge a customer a price above the cost of making a good or service ('620, column 3, lines 5-13), and/or above the cost charged to said down distribution stream vendor by a supplier ('022, figure 6a) if only to turn a profit (a reference is to be considered not for what it expressly states, but for what it would reasonably have suggested to one of ordinary skill of the art- *In re Delisle*, 160 USPQ 806 (CCPA 1969); in considering the disclosure of reference patent, it is pertinent to point out not only specific teachings of patent but also the **reasonable inferences** which one skilled in the art would logically draw therefrom- *In re Shepard*, 138 USPQ 148 (CCPA 1963)). Robinson et al. teach a system for purchasing goods and services of a computer network comprising a merchant server for generating and storing digital sales receipts or records ('022, figures 1-1, 1-2, 4, and 5; column 3, lines 42-59; column

6, lines 54-67). Hence, it would have been obvious to provide each party (distributor, reseller, etc.) with a statement detailing the chain-of-handling of customer payment information up the distribution chain ('620, figure 4; column 4, lines 6-20) and/or a record of the transaction.

Group V- claims 45, 57 and 69

The broadest claim in this group is claim 45, therefore, the Examiner directs his response to this claim.

Claim 45 recites registration that includes the "an agreement with the provider regarding use of the digital works and payment for use of the digital works by merchants". However, this is non-functional descriptive material, as it does not alter how the process steps are to be performed to achieve the utility of Appellant's invention (MPEP 2106-23, IV). Therefore, in order to read on Appellant's claim 45 the prior art need only show a third party logging server registering an author (provider). Webster's Ninth New Collegiate Dictionary defines "register" as "to make a record of: NOTE" hence, it is at least obvious that the distributor (third party logging server) of Pettitt registers an author (provider). Pettitt teaches a distributor (third party logging server) receiving digital works from an author (provider) and providing said works to reseller (merchant) for public sale ('620, column 3, lines 48-52). Pettitt also teaches a distributor (third party logging server) receiving payment from authors (providers) ('620, column 3, lines 5-12) or making payments to an author (provider) ('620, column 5, lines 32-36).

Hence, it is at least obvious that a distributor (third party logging server), in order to

receive a payment, make a payment or receive digital works makes a record or notes

the appropriate author (provider). Robinson et al. provide a suitable method as it

provides a secure method and system for a server to record an agreement, such as a

transaction record, confirmation, or data for resolving disputes ('022, figures 1-1, 1-2,

3A, 4, and 5; column/line 1/60-2/15; column 3, lines 42-59; column 6, lines 53-67).

Group VI- claims 46, 58 and 70

The broadest claim in this group is claim 46, therefore, the Examiner directs his

response to this claim.

In claim 46, Appellant relies on non-functional descriptive material in order to

differentiate Appellant's claims from the prior art. Appellant recites an "identifying" step

where "one or more providers from the plurality of providers from which the digital works

sold by the merchant were obtained". However, claims 42 and 37, for example, from

which claim 46 depends do not recite an actual sale. Further, this is non-functional

descriptive material, as it does not alter how the process steps are to be performed to

achieve the utility of Appellant's invention (MPEP 2106-23, IV). Hence, in order to read

on Appellant's claims the prior art need only identify a set of providers, determine a

royalty amount for each provider, prepare a royalty statement and electronically send a

royalty statement along with funds to the provider(s). Pettitt teaches identifying a royalty

rate attributed to an author (provider) ('620, column 3, lines 5-13; column 4, lines 15-20;

column 5, lines 29-36), a distributor (third party logging server) electronically receiving

payment from authors (providers) ('620, column 3, lines 5-12) or making payments to an

author (provider) ('620, column 5, lines 32-36). Pettitt does not specifically recite "royalty

statements". Robinson et al. teach providing evidence of a transaction, such as a digital

receipt or transaction statement to all parties in a transaction ('022, figures 1-2 and 6a-

c). Pettitt discloses a third party facilitating the exchange of payment between provider

and merchant for services rendered in the sale of a digital work to a user (620, column

5, lines 29-36). Hence, it would have been obvious to provide each party (e.g. an

author/provider) with a statement detailing the transfer of funds to and from payment

accounts. Note the claim does not require royalty statements and funds to be sent

together, nor does it identify who performs the step of sending the statements and

funds. An obvious candidate in light of the Pettitt teaching would be the clearinghouse

('022, column 5, lines 28-36) or another financial institution associated with the author

(provider).

Group VI- claims 48, 60 and 72

The broadest claim in this group is claim 48, therefore, the Examiner directs his

response to this claim.

Pettitt teaches identifying a royalty rate attributed to a digital work ('620, column

3, lines 5-13; column 4, lines 15-20; column 5, lines 29-36) and calculating a purchase

amount based on the royalty rate ('620, column 3, lines 5-13). More specifically,

regarding the relationship between purchase amount and royalty, it would have been

obvious to one of ordinary skill for a down distribution stream vendor such as a

distributor or goods and services provider, to charge a customer a price above the cost

of making a good or service ('620, column 3, lines 5-13), and/or above the cost charged

to said down distribution stream vendor by a supplier ('022, figure 6a) if only to turn a

profit (a reference is to be considered not for what it expressly states, but for what it

would reasonably have suggested to one of ordinary skill of the art- *In re Delisle*, 160

USPQ 806 (CCPA 1969); in considering the disclosure of reference patent, it is

pertinent to point out not only specific teachings of patent but also the **reasonable**

inferences which one skilled in the art would logically draw therefrom- *In re Shepard*,

138 USPQ 148 (CCPA 1963)). Therefore, the prior art clearly teaches or at least

suggests "identifying a royalty rate corresponding to a digital work and calculating a

purchase amount based upon the royalty rate". Robinson et al. teach a system for

purchasing goods and services of a computer network comprising billing by a server in

order to receive an amount due ('022, column 7, lines 18-28). Hence, it would have

been obvious to bill a party (distributor, reseller, etc.) in order to receive compensation

for services provided.

(12) Conclusion

Appellant's arguments are not persuasive in that they fail to consider the breadth

of the claim language and rely on reading the teachings of the Specification into the

claims in order to compensate for omitted or unclaimed features.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,
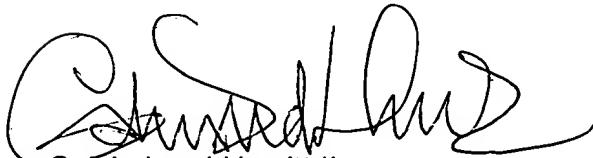
Calvin Loyd Hewitt II
March 2, 2005

Conferees

John Hayes
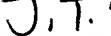
J.T.
Joseph Thomas
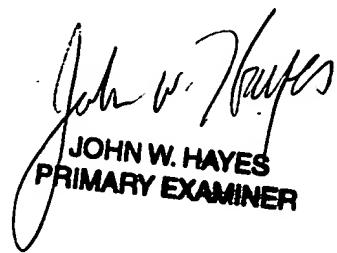
JOHN W. HAYES
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